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BOARD OF TRUSTEES OF THE INDIANA PUBLIC RETIREMENT SYSTEM

Resolution No. 2019-12-13

Adopting rules related to the administration of the Fund as described herein.

WHEREAS, the Indiana Public Retirement System exists to provide retirement benefits to its members, their survivors, and beneficiaries;

WHEREAS, the Board of Trustees of the Indiana Public Retirement System, by statute, administers the Fund;

WHEREAS, the Board of Trustees, pursuant to [IC 5-10.5-4-2](#), may establish and amend rules and regulations for the administration of the Fund without adopting a rule under [IC 4-22-2](#);

WHEREAS, the Board of Trustees of the Indiana Public Retirement System wishes to adopt, amend, and/or repeal certain rules contained or to be contained in the Indiana Administrative Code related to the administration of the Fund as described herein; and

WHEREAS, the following adoptions and amendments are effective immediately, unless otherwise stated or covered by law;

NOW THEREFORE, BE IT RESOLVED by the Board of Trustees of the Indiana Public Retirement System that:

SECTION 1. [35 IAC 1.2-1-10](#) IS ADDED TO READ AS FOLLOWS:

**[35 IAC 1.2-1-10](#) Application for retirement**

**Authority:** [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.2-4-1](#); [IC 5-10.2-4-1.3](#)

**Sec. 10. (a) An application for retirement will not be processed unless properly completed by the member.**

**(b) INPRS may investigate any and all applications.**

**(c) Upon investigation, INPRS may determine that a member was eligible for retirement prior to the date selected by the member on the retirement application. INPRS may utilize the earlier retirement date after obtaining authorization or providing written notice, including opportunity to dispute application of the earlier retirement date, to the member. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-1-10](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#))**

SECTION 2. [35 IAC 1.2-3-5](#) IS AMENDED TO READ AS FOLLOWS:

**[35 IAC 1.2-3-5](#) Leave of absence**

**Authority:** [IC 5-10.3-7-8](#); [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.2](#); [IC 5-10.3-7-6](#)

**Sec. 5. (a) As used in this section, "FMLA" refers to the Family and Medical Leave Act (29 U.S.C. 2601 et seq.) and all applicable regulations and amendments.**

**(b) A member shall receive service credit for the period of time during which the member is granted a leave of absence under [IC 5-10.3-7-6](#) and for which applicable employer contributions have been made as follows:**

**(1) Except as otherwise required by the FMLA, the credit shall be allowed if a copy of the grant of the leave of absence is filed with PERF in a form and manner approved by INPRS within ninety (90) forty-five (45) days from the date the leave was authorized by the employer. No leave granted retroactively by the employer will be considered as creditable service. Grants filed with INPRS electronically, through INPRS' Employer Reporting and Maintenance system are deemed to have met this requirement.** Furthermore, except as otherwise required by the FMLA or other federal or state laws that specifically require the granting of service credit for authorized unpaid leaves of absence, service credit shall not be granted for any unpaid leaves of absence taken on or after January 1, 2007, if employer contributions are not made for such periods

of leave.

(2) A leave of absence will be treated as creditable service only if the member returns to employment for a period of not less than six (6) consecutive months; however, if the member shows to the satisfaction of the fund that there was a bona fide intent to return to employment and comply with this rule and the member was capable of performing such employment, but was prevented from working the full six (6) month period due to illness, injury, or death which occurred subsequent to the date of return to employment, then this six (6) month requirement shall be waived.

(c) This section and [IC 5-10.3-7-6](#) shall be administered in a manner consistent with the FMLA.

(d) If the member is compensated while on an FMLA-covered leave, the statutory contributions must be maintained. A member may make contributions as provided in [IC 5-10.3-7-6\(b\)](#) during an unpaid FMLA leave, although such contributions shall not result in service credit for benefit purposes unless employer contributions are made for such period of leave. The member's employer is not required to make contributions with respect to an unpaid FMLA leave; however, if employer contributions are not made, the member shall be entitled only to the eligibility service required by the FMLA.

(e) In calculating credit for vesting and eligibility purposes, time spent on an FMLA protected leave shall be counted, including any time spent receiving disability benefits while on such leave.

(f) A member seeking credit for an FMLA leave must provide documentary evidence demonstrating that the statutory requirements have been satisfied.

(g) Unless otherwise provided by law, a leave of absence is not a separation from service. (*Board of Trustees of the Indiana Public Retirement System*; [35 IAC 1.2-3-5](#); filed Dec 20, 1988, 1:00 p.m.: 12 IR 1079; filed May 7, 1998, 4:15 p.m.: 21 IR 3326; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Oct 20, 2006: [20061101-IR-035060500ONA](#); adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Dec 14, 2012: [20121226-IR-035120663ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#))

SECTION 3. [35 IAC 1.2-3-13](#) IS AMENDED TO READ AS FOLLOWS:

### **[35 IAC 1.2-3-13](#) Purchase of service**

**Authority:** [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.3-7](#)

Sec. 13. (a) Eligible PERF members may purchase service under [IC 5-10.3-7-4.5](#), [IC 5-10.3-7-4.6](#), [IC 5-10.3-7-4.8](#), and [IC 5-10.3-7-5](#).

(b) The cost to purchase such service shall be the total actuarial cost of the service. The fund shall provide the eligible fund member with information with respect to the cost of such service.

(c) The eligible fund member may purchase such service subject to the following:

- (1) Service may be purchased in one (1) month increments. The minimum service purchase is one (1) year for a member who elects to purchase service through a finance agreement.
- (2) Installment payments are subject to the terms of the finance agreement.
- (3) Any such purchase may be made via a direct cash payment, a direct rollover as allowed by statute, or a combination of both.
- (4) Any direct rollover may not exceed the actual cost of such service as established by the fund.
- (5) Payment may be made in a lump sum or in annual installments for a period not to exceed five (5) years. Any installment may bear interest at the interest rate (defined within this section) effective on the date of the first installment. Any payments are subject to applicable Internal Revenue Service limits, and the fund may limit any payments in a manner necessary to comply with these limits.

(d) In the event of a payment default under the terms of the finance agreement, a partial service credit amount will be determined by **PERF INPRS**. The partial service credit amount will be based on the payments made as of the date of payment default and the actuarial cost of the service. The minimum amount of partial service credit will be one (1) month. Partial service will be credited in monthly increments. The fund member is not eligible to make service purchase payments after the date of the payment default.

(e) A partial service credit will be determined by **PERF INPRS** if the service purchase is not completed. The minimum amount of partial service credit will be one (1) month. Service will be credited in monthly increments

based on the total payments and the actuarial cost of the service. Payments for a service purchase may not be made after the date of a payment default or the date of separation of employment.

(f) Any interest rate used will be set as determined by ~~PERF~~ **INPRS**. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.2-3-13; adopted Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Nov 19, 2010: [20101208-IR-035100722ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#)*)

SECTION 4. [35 IAC 1.2-5-1.3](#) IS AMENDED TO READ AS FOLLOWS:

**[35 IAC 1.2-5-1.3](#) Suspension and withdrawal of DC without employer separation**

**Authority:** [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.2-3-5](#); [IC 5-10.2-3-6](#)

Sec. 1.3. For withdrawals after the effective date of this rule, in accordance with Section 905 of the Pension Protection Act of 2006, and unless otherwise prohibited by law, a PERF or TRF participant, who:

- (1) is no longer working in PERF or TRF covered service with an employer;
- (2) is actively working with the same employer; and
- (3) is working in a non-PERF or non-TRF covered position;

may suspend and withdraw in a lump sum **or a partial distribution** the amounts in the member's **defined contribution (DC) account, formerly referred to as an annuity savings account (ASA)**, if the participant is at least sixty-two (62) years of age at the time the participant applies for the withdrawal. For example, Josh has worked in a PERF covered position for four (4) years. Josh is promoted to a non-PERF covered position with the same employer. When Josh is sixty-two (62) years of age, he may withdraw his **ASA DC** so long as he is not working in a TRF or PERF covered position and is not age and service eligible to receive a PERF or TRF retirement benefit. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.2-5-1.3; adopted Mar 6, 2015: [20150318-IR-035150060ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#)*)

SECTION 5. [35 IAC 1.2-5-1.6](#) IS AMENDED TO READ AS FOLLOWS:

**[35 IAC 1.2-5-1.6](#) Social Security integration; benefit calculation**

**Authority:** [IC 5-10.2-3-6](#); [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.2-4-4](#); [IC 5-10.2-4-5](#); [IC 5-10.2-4-7](#)

Sec. 1.6. (a) Pursuant to [IC 5-10.2-4-7](#)(b)(3), a member who retires between fifty (50) years of age and sixty-two (62) years of age may integrate the member's monthly pension benefit with the member's estimated Social Security benefits. This option increases the monthly pension benefit amount for which the member would ordinarily be eligible from the date of retirement until sixty-two (62) years of age. When the member reaches sixty-two (62) years of age, the member's monthly pension benefit will be reduced. ~~Depending upon the factors used in the calculation, the member's monthly pension benefit may be reduced to zero (0).~~ Such reduction will occur whether or not the member applies for Social Security Administration benefits.

(b) To receive an estimate of the member's monthly pension benefit with Social Security integration, the member shall obtain an estimate of Social Security benefits to be received at sixty-two (62) years of age from the Social Security Administration and provide the estimate to INPRS.

(c) A member's pre-sixty-two (62) monthly pension benefit with Social Security integration shall be computed as follows:

- (1) Multiply the member's Social Security estimate for benefits to be received at sixty-two (62) years of age and actuarial factors established by INPRS' actuary, and obtain a product.
- (2) Add the amount of the member's pension as calculated in [IC 5-10.2-4-4](#) and [IC 5-10.2-4-5](#) to the product obtained in subdivision (1). For purposes of this section, the retirement benefit does not include any payments from an ASA or RSA.

(d) A member's monthly pension benefit with Social Security integration at sixty-two (62) years of age shall be computed as follows:

- (1) Multiply the member's Social Security estimate for benefits to be received at sixty-two (62) years of age and actuarial factors established by INPRS' actuary, and obtain a product.
- (2) Subtract the product obtained in subdivision (1) from the member's pre-sixty-two (62) monthly pension benefit with Social Security integration as calculated in subsection (c).

(e) For members who retire with at least ten (10) years creditable service, notwithstanding subsections (c) and (d) of this rule, the payments made before a member reaches sixty-two (62) years of age and after a member reaches sixty-two (62) years of age may not be less than one hundred eighty dollars (\$180).

(f) If a retired member dies before reaching sixty-two (62) years of age with a designated survivor beneficiary, the beneficiary's benefit will be recalculated and adjusted as described in subsection (d) and in accord with the survivor option chosen at the time of the member's retirement.

(g) The amount of the member's Social Security benefits is not affected by the member's election of Social Security integration.

(h) For postretirement increases granted after July 1, 2021, as a percentage of a person's retirement benefit, the amount attributable to postretirement increases will be granted in accordance with the amount of benefit the member is receiving at the time the postretirement increase is granted. The postretirement increase shall be also be adjusted according to the amount of benefit the member receives at sixty-two (62) years of age. For example, if Rachel retires and receives one thousand dollars (\$1,000) per month in 2020 before she has reached sixty-two (62) years of age under the Social Security implementation option and a postretirement increase is granted in amount equal to two percent (2%) of the pension benefit in 2021, she will receive a one thousand dollar (\$1,000) pension amount and a twenty dollar (\$20) postretirement increase. In 2022, Rachel reaches sixty-two (62) years of age and her pension benefit reduces to two hundred dollars (\$200) based on her Social Security integration selection. At that time, the 2021 postretirement increase of 2% will be calculated based Rachel's two hundred dollar (\$200) post age sixty-two (62) pension amount. Thus, after Rachel reaches age sixty-two (62), she will receive a two hundred dollar (\$200) pension benefit and a four dollar (\$4) postretirement increase. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-1.6](#); adopted Feb 23, 2018: [20180307-IR-035180117ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#))

SECTION 6. [35 IAC 1.2-5-9](#) IS AMENDED TO READ AS FOLLOWS:

**[35 IAC 1.2-5-9](#) Survivor benefits and defined contribution account beneficiaries**

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-7.5](#); [IC 5-10.2-4-5](#); [IC 5-10.3](#)

Sec. 9. (a) If the total amount of payments from a defined contribution account paid to a designated beneficiary does not exceed the member's total defined contribution account balance, the difference shall be paid to the designated beneficiary's estate.

(b) If an active member with more than fourteen (14), but less than fifteen (15), years of creditable service dies **after December 31, 2006, and before July 1, 2018**, the surviving spouse or dependent is entitled to a benefit if:

- (1) the member dies after December 31, 2006;
- (2) (1) the member was at least sixty-five (65) years of age at the time of death;
- (3) (2) the member died in service in a PERF-covered position; and
- (4) (3) the surviving spouse or dependent qualifies for a benefit.

(c) As provided in [IC 5-10.2-3-7.5](#), if an active member dies after June 30, 2018, regardless of whether the member dies in service in a covered position or the member dies out of service, the surviving spouse or dependent is entitled to a benefit, if the member had at least ten (10) years creditable service. The benefits shall be payable to the surviving qualifying surviving spouse or dependent(s) immediately after the member's death. The benefit shall be calculated according to the provisions of [IC 5-10.2-4-5](#) and shall use the latter of:

- (1) fifty (50) years of age; or
- (2) the member's actual date of death.

All beneficiaries and benefits paid under this subsection must meet the requirements set forth in [IC 5-10.2-3-7.5](#).

(d) For the purposes of [IC 5-10.2-3-7.5](#), "survivor benefit" means the pension benefit and does not include the member's defined contribution account.

(e) If a member did not designate a beneficiary of the defined contribution account or the designated

beneficiary does not survive the member, a spouse or dependent entitled to a survivor benefit may elect to receive the balance of the account.

(e) (f) The following apply if no valid claim for the account balance is made within three (3) years of INPRS learning of the member's death:

- (1) Accounts with balances of at least one thousand dollars (\$1,000) will continue to be invested according to the deceased member's direction.
- (2) Accounts with balances of less than one thousand dollars (\$1,000) are subject to an automatic lump sum distribution.

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-9](#); filed Dec 20, 1988, 1:00 p.m.: 12 IR 1083; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Nov 4, 2016: [20161116-IR-035160500ONA](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#))

SECTION 7. [35 IAC 1.2-5-12](#) IS AMENDED TO READ AS FOLLOWS:

### **[35 IAC 1.2-5-12](#) Minimum disability retirement benefit**

**Authority:** [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.2-4](#)

Sec. 12. (a) After June 30, 2008, if the member chooses a pension benefit under [IC 5-10.2-4-7\(b\)](#), and elects to purchase an annuity with the amount in the member's ASA under [IC 5-10.2-4-2\(a\)](#), the minimum disability benefit payable may not be less than one hundred eighty dollars (\$180). If the member elects a retirement benefit option other than that provided under [IC 5-10.2-4-7\(b\)](#), the minimum monthly disability benefit will be no less than the actuarial equivalent of one hundred eighty dollars (\$180) if the benefit is payable after June 30, 2008. If the benefit is payable before July 1, 2008, the minimum monthly disability benefit will be no less than the actuarial equivalent of one hundred dollars (\$100).

(b) After December 31, 2008, under [IC 5-10.2-4-6](#), the minimum benefit provided by employer contributions to a retired member with at least ten (10) years creditable service not earned only as an elected official may not be less than one hundred eighty dollars (\$180).

(c) Notwithstanding subsection (a), after October 1, 2015, for purposes of this section, the minimum disability benefit amount does not include any payments from the ASA or RSA. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-12](#); filed Dec 20, 1988, 1:00 p.m.: 12 IR 1083; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Nov 21, 2008: [20090107-IR-035080955ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#))

SECTION 8. [35 IAC 1.2-6-1](#) IS AMENDED TO READ AS FOLLOWS:

### **[35 IAC 1.2-6-1](#) Employer payments**

**Authority:** [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.2-3-2](#); [IC 5-10.3-7-12.5](#)

Sec. 1. (a) In accordance with and pursuant to [IC 5-10.3-7-12.5](#), the Indiana public retirement system board of trustees herein sets the due date for contributions as seven (7) days after a covered employer's payroll unless otherwise approved by the board. For adjustments to incorrect reports and contributions by the employer, the due date is seven (7) days after the pay period end date of the original wage and contribution report.

(b) Notwithstanding subsection (a), the due date for adjustments to wages and contributions for members returning to covered employment from military service is thirty (30) days after the member is reemployed.

(c) Upon written request of INPRS, covered employers shall submit their payroll date to PERF in a manner or form established by INPRS within seven (7) days of receipt of such request.

(d) Any payments not made on the due date may at INPRS' discretion accrue interest at a rate equal to the rate established in section 5.5(b) of this rule: **determined by INPRS.**

(e) Any employer who fails to submit required contributions and reports within thirty (30) days of the due date will be subject to a penalty as set forth in [IC 5-10.3-7-12.5](#). If the thirtieth day following the due date falls on a



Saturday, Sunday, or legal holiday, the due date becomes the next working day.

(f) An employer who has elected to pick up the mandatory employee contributions of its employees must do so by resolution in accordance with [IC 5-10.2-3-2](#)(d). An employer who wants to rescind its election to pick up the mandatory employee contributions must do so in writing with approval of its governing body. The change will be effective the first payroll date following the date INPRS receives and approves the change. For purposes of [IC 5-10.3-7-12.5](#)(c), habitually late is defined as failing to submit required contributions, records, or reports for over sixty (60) days after the due date.

(g) An employer deemed habitually late will remain in the habitually late status until it submits reports and contributions for twelve (12) months within seven (7) days of the respective due date and after fulfilling all delinquent reporting and contribution requirements. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.2-6-1; filed Dec 20, 1988, 1:00 p.m.: 12 IR 1085; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Nov 9, 2007: 20071205-IR-035070818ONA; adopted Feb 19, 2010: 20100310-IR-035100124ONA; adopted Jun 11, 2010: 20100728-IR-035100467ONA; adopted Nov 19, 2010: 20101208-IR-035100722ONA; adopted Apr 29, 2011: 20110511-IR-035110273ONA; adopted Sep 16, 2011: 20110928-IR-035110563ONA; adopted Dec 13, 2013: 20131225-IR-035130565ONA; adopted Mar 6, 2015: 20150318-IR-035150060ONA; adopted Dec 13, 2019: 20191225-IR-035190683ONA*)

SECTION 9. [35 IAC 1.2-6-7](#) IS AMENDED TO READ AS FOLLOWS:

**[35 IAC 1.2-6-7](#) Legislators' defined contribution plan loans**

**Authority:** [IC 2-3.5-5-11](#); [IC 5-10.5-4-2](#)

**Affected:** [IC 2-3.5-5-11](#)

Sec. 7. (a) Any participant in the legislators' defined contribution plan (LEDC) may apply on the applicable form to the fund for a loan from the legislators' defined contribution plan pursuant to this rule and such other procedures as may be established by the fund. Such loans will be available to all such participants on a uniform and nondiscriminatory basis. All loans are subject to the approval of the fund or its designee.

(b) The maximum amount of such loan, when added to the outstanding balance of all other loans from the fund, shall not exceed the lesser of:

- (1) fifty thousand dollars (\$50,000), reduced by the excess, if any, of the highest outstanding balance of loans from the fund during the one (1) year period ending on the day before the date on which the loan is made, over the outstanding balance of loans from the fund on the date on which such loan is made; or
- (2) one-half (1/2) of the employee's accounts within the defined contribution plan of the participant under the fund.

(c) Subject to subsection (b), the minimum amount of a loan shall be one thousand dollars (\$1,000).

(d) The loan program described in this rule shall be administered by the fund or its designee. All loans shall comply with the following terms and conditions:

(1) All loans shall be subject to applicable Internal Revenue Service regulations and restrictions.

(2) A participant may apply for a loan by completing the applicable forms.

(3) Each loan shall be amortized on a substantially level basis with monthly payments. Payments shall be made ~~on the first~~ **no later than the last day** of a month for that month. The period of repayment shall be a minimum of twelve (12) months and shall not exceed five (5) years from the loan origination date.

Notwithstanding the preceding sentence, the term of the loan shall not extend beyond the earlier of:

- (A) in the case of a distribution that begins after the date of the loan to the extent that such distribution completely offsets the balance of the loan, the date such distribution of the employee's accounts within the defined contribution plan of the participant under the fund begins; or
- (B) the date of a default on the loan.

(e) The participant receiving the loan shall make the required repayments in accordance with the loan agreement. Payments will be made in a form and manner as prescribed by INPRS. If the participant fails to make a timely loan repayment, the participant may make up any missed repayments before the end of cure period described in subsection (g)(1). INPRS or its designee must receive the payment on or before the last day of the cure period.

(f) The rate of interest shall be the prime rate per annum, as published in The Wall Street Journal on the first day of the quarter (or the earliest publication day of the quarter in the event of a publication holiday) in which a

completed loan application is submitted, plus one percent (1%). A loan will carry the same interest rate throughout its term.

(g) The fund shall declare a default on a loan as of:

- (1) the last day of the calendar quarter following the calendar quarter in which the participant fails to make a payment, unless the participant pays the amount due plus accrued interest and makes the loan account current with no other outstanding late payments owed prior to such date; or
- (2) the date thirty (30) days after the fund in good faith deems the plan insecure with respect to the repayment of the loan and notifies the participant of this deemed insecurity.

(h) On default, the entire amount outstanding on the participant's loan will be due and payable.

(i) On default, the fund shall report to the Internal Revenue Service the outstanding loan balance (principal and interest) as a taxable distribution to the participant, which may also be subject to an additional ten percent (10%) excise tax under the Internal Revenue Code.

(j) A defaulted loan will continue to accrue interest until the loan amount has been repaid even in the event of a deemed distribution. A loan that is deemed distributed continues to accrue interest until it is repaid. The outstanding loan balance is considered only when determining the maximum loan amount available under Internal Revenue Code Section 72(p)(2)(A). Interest accruing on the loan after it is deemed distributed is not required to be repaid.

(k) Each loan shall be adequately secured. The plan shall have a security interest in the employee's accounts within the defined contribution plan of the participant under the fund.

(l) Any loan to a participant shall be considered to be a separate asset of the legislators' defined contribution plan segregated for the benefit of such participant. The interest paid on the loan shall be credited to the employee's accounts within the defined contribution plan of the participant. Such portion of the employee's accounts within the defined contribution plan on loan to the participant shall not share in the allocation of gains or losses. The principal and interest paid on the loan shall be credited to such employee's accounts within the defined contribution plan as determined by the fund.

(m) A participant may not take out any additional loans while the participant has a loan in default.

(n) A participant may not take more than two (2) loans in any calendar year.

(o) A participant may have any number of loans outstanding as long as all of the requirements of this rule are met.

(p) Any loan processing fee charged by a third party will be paid by the participant from the employee's accounts within the defined contribution plan of the participant.

(q) The loan proceeds will come from the employee's accounts within the defined contribution plan of the participant on a pro rata basis, and from the directed investment options of the participant on a pro rata basis.

(r) A member who terminates service covered by the LEDC with an outstanding loan shall repay the loan according to the terms and conditions of the loan agreement, except that any distribution occurring by such termination will first be used to offset the remaining balance of the loan.

(s) The participant may prepay, without penalty, the entire (or any part of the) outstanding principal balance of the loan and accrued interest to date of repayment. Prepayments will be made in a form and manner as prescribed by INPRS. No reamortization will apply. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.2-6-7; filed Dec 18, 2001, 9:09 a.m.: 25 IR 1488; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Sep 16, 2011: [20110928-IR-035110563ONA](#); adopted Nov 4, 2016: [20161116-IR-035160500ONA](#); adopted Feb 23, 2018: [20180307-IR-035180117ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#)*)

SECTION 10. [35 IAC 1.2-6-17.1](#) IS AMENDED TO READ AS FOLLOWS:

**[35 IAC 1.2-6-17.1](#) Prosecuting attorneys' retirement fund retirement benefit computation**

**Authority:** [IC 5-10.5-4-2](#); [IC 33-39-7-11](#)

**Affected:** [IC 5-10.2-4](#); [IC 33-39-7-16](#)

Sec. 17.1. (a) For prosecuting attorneys' retirement fund (PARF) benefits computed for a participant who retires on or after July 1, 2017, the benefit is computed as follows:

- (1) Calculate the PARF benefit pursuant to [IC 33-39-7-16](#)(c) without regard to any offset. This is the benefit amount to be paid to the participant unless the PERF benefit exceeds the PARF benefit amount.
- (2) If the participant is receiving a PERF benefit on the date the participant retires from PARF, the actual PERF benefit amount will offset the amount needed to fund the remainder, if any, of the PARF benefit amount. For example: Tony's PARF benefit is computed to be sixty thousand dollars (\$60,000) per year. Tony's PERF benefit is thirty thousand dollars (\$30,000) per year. Tony's total benefit is sixty thousand dollars (\$60,000) per year, but **thirty thousand dollars** (\$30,000) is paid from the PERF pension fund and the remainder from the PARF pension fund.
- (3) If the participant is not receiving a PERF pension on the date the participant retires from PARF but vested in PERF, the cost of the total benefit being paid from the PARF pension fund is reduced by the amount that would have been paid to the participant if the participant had retired from PERF at the same time the participant retired from PARF. For example: Lindsay retires from PARF, but not from PERF. Lindsay's total PARF pension benefit is computed to be sixty thousand dollars (\$60,000) per year. If Lindsay had retired from PERF her PERF pension benefit would have been computed to be twenty thousand dollars (\$20,000) per year. Lindsay will receive from the PARF pension fund forty thousand dollars (\$40,000) per year.
- ~~(4) A participant described in subdivision (3) is entitled to a recalculation of benefits based on the actual PERF pension benefit received by the participant upon retirement from PERF. For example: Lindsay now retires from PERF and she is being paid thirty thousand dollars (\$30,000) per year. Lindsay will receive sixty thousand dollars (\$60,000) per year of which thirty thousand dollars is paid from the PARF pension fund and the remainder from the PERF pension fund.~~
- ~~(5)~~ (4) If the participant is not vested in PERF on the date that the participant retires from PARF, then there is no reduction in the amount of benefits paid from the PARF pension fund. For example: Mary has eight (8) years as a prosecutor and eight (8) years of PERF service when she retires from PARF. Mary's total PARF benefit will be paid from the PARF pension fund without any reduction from PERF.
- ~~(6)~~ (5) The actual PERF pension benefit being paid to the participant is used to offset the amount to be paid from the PARF pension fund for a participant who is receiving an in-service PERF benefit under [IC 5-10.2-4-8.2](#) (elected officials and Millie Morgan) while continuing to work in a PARF covered position when the participant begins receiving a PERF in-service benefit. For example: Jodi is eligible to and makes an election to begin receiving her PERF pension benefit while still serving in a PARF position. Since no other PERF pension benefits may accrue, the actual PERF pension benefit being paid to Jodi at the time she retires from PARF is used to offset the total cost the PARF pension amount being paid from the PARF pension fund.

(b) In the event that the PERF pension benefit exceeds the PARF benefit, the participant is entitled to withdraw from PARF the total sum contributed by the participant plus interest at a rate determined by board under [35 IAC 1.2-1-6](#).

**(c) In the event a member currently receiving a PARF and PERF benefit becomes eligible for a postretirement increase related to the member's PERF pension, such postretirement increase shall not result in a recalculation or reduction of PARF pension benefit.** *(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-6-17.1](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#); adopted Feb 23, 2018: [20180307-IR-035180117ONA](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#))*

SECTION 11. [35 IAC 1.2-6-17.2](#) IS AMENDED TO READ AS FOLLOWS:

**[35 IAC 1.2-6-17.2](#) PERF retirement for participants of the prosecuting attorneys' retirement fund**

**Authority:** [IC 5-10.5-4-2](#); [IC 33-39-7-11](#)

**Affected:** [IC 33-39-7](#)

Sec. 17.2. (a) In accordance with the Pension Protection Act of 2006, a **prosecuting attorneys' retirement fund** (PARF) participant may make an election to begin receiving ~~their~~ **his or her** PERF benefits without a separating from PARF-covered service if:

- (1) the member is at least ~~age~~ **fifty-five (55) years of age** and has accrued at least twenty (20) years of creditable PERF service;
- (2) the member meets the Rule of 85 and has at least thirty (30) years of creditable PERF service; or
- (3) the member has reached PERF normal retirement age, as defined in [35 IAC 1.2-1-4](#).

(b) A participant making such election shall not accrue additional PERF service credit and the participant's



PERF benefit will remain unchanged despite further employment in any PERF-covered service.

(c) The election is irrevocable and must be made on a form approved by INPRS.

**(d) A participant who files a retirement application under this section after July 1, 2019, is entitled to a retirement effective date on or after the date on which the retirement application was filed.** (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-6-17.2](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#))

SECTION 12. [35 IAC 1.2-8-5](#) IS AMENDED TO READ AS FOLLOWS:

**[35 IAC 1.2-8-5](#) Actuarial rules**

**Authority:** [IC 5-10.3](#)

**Affected:** [IC 5-10.3](#)

Sec. 5. Two (2) forms of benefit payments are considered to be actuarially equivalent if the expected present value of future payments are the same. For PERF, the expected present value is calculated based on a ~~seven and one-half percent (7.50%)~~ **six and seventy-five hundredths percent (6.75%)** interest rate and the 1984 Uninsured Pensioners Unisex Mortality Table (UP84) set back two (2) years. **2013 Static Mortality table for males and females, projected five (5) years using Scale AA, and weighted 50/50.** The expected present value of the annuity portion of the benefit is calculated using the 2013 Static Mortality table for males and females, projected five (5) years using Scale AA, and weighted 50/50 and prior to January 1, 2017, and after October 1, 2015, an interest rate equal to the greater of similar annuities in the private market or four and one-half percent (4.5%). After January 1, 2017, the interest rate used will be equal to similar annuities in the private market. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-8-5](#); adopted Sep 14, 2012: [20120926-IR-035120542ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#))

SECTION 13. [35 IAC 1.3-1-1](#) IS AMENDED TO READ AS FOLLOWS:

**[35 IAC 1.3-1-1](#) Administration**

**Authority:** [IC 5-10.3-12-18](#); [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.3-12](#)

Sec. 1. (a) The public employees' defined contribution plan, created under [IC 5-10.3-12](#) (hereinafter referred to as the plan) shall be administered by the INPRS board of trustees of the Indiana public retirement system (hereinafter referred to as the INPRS board). The plan is a ~~component~~ **separate defined contribution account** of the public employees' retirement fund under the administration of the INPRS board.

(b) The executive director of the fund shall have the same duties and authority over the plan as apply to the fund under [35 IAC 1.2-1-2](#).

(c) The INPRS board shall have the same duties and authority over the plan as apply to the fund under [35 IAC 1.2-1-3](#).

(d) Pursuant to [IC 5-10.3-12-7](#), the INPRS board shall implement this article the first day of the month that is six (6) months after the month in which the Internal Revenue Service issues an approval of the plan. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.3-1-1](#); adopted Sep 16, 2011: [20110928-IR-035110564ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#))

SECTION 14. [35 IAC 1.3-2-1](#) IS AMENDED TO READ AS FOLLOWS:

**[35 IAC 1.3-2-1](#) Definitions**

**Authority:** [IC 5-10.3-12-18](#); [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.2-2-2](#); [IC 5-10.2-4-3](#); [IC 5-10.3-12](#)

Sec. 1. The definitions in [35 IAC 1.2-2-1](#) apply throughout this article, unless the term is defined in this section or unless the context otherwise clearly requires:

(1) "Annuity savings account" or "ASA" means the annuity savings account maintained under [IC 5-10.2-2-2\(a\)\(1\)](#), as described in [IC 5-10.3-12-3](#).

(2) "Compensation", for the purposes of [IC 5-10.3-12-23](#) and this plan, means all compensation that is included as gross income as reported on the member's W-2 for covered service by a covered employer, plus

the amounts stated in [IC 5-10.2-4-3](#) that are not paid directly to the member.

(3) "Employer contributions" means contributions made by the state, political subdivisions, and miscellaneous participating entities credited to the member's employer contribution subaccount, as described in [IC 5-10.3-12-9](#) and [IC 5-10.3-12-24](#).

(4) "Member's contributions" means the member's contributions credited to the member's contribution subaccount, as described in [IC 5-10.3-12-13](#) and [IC 5-10.3-12-23](#), which is ~~three percent (3%) of the~~ **includes the** member's compensation under [IC 5-10.3-12-5](#).

(5) "Normal cost of the fund", for purposes of [IC 5-10.3-12-24](#) and this plan, means the present value of the portion of the actuarial cost of projected benefits allocated to the current plan year. The normal cost is calculated by determining the projected future benefits to members, discounting the projected future benefits to the valuation date to establish the present value of benefits, and allocating the cost of the present value of benefits to past service, current service, and future service. The amount allocated to the current service is the normal cost. The normal cost of the fund is calculated annually by the actuary as part of the valuation process.

(6) "Plan" means the public employees' defined contribution plan established under [IC 5-10.3-12](#).

(7) "Vested" or "vested portion" means the portion of the employer contribution subaccount that is vested as described in [IC 5-10.3-12-25](#).

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.3-2-1](#); adopted Sep 16, 2011:

[20110928-IR-035110564ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#); adopted Sep 11, 2015:

[20150923-IR-035150302ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#))

SECTION 15. [35 IAC 1.3-6-1](#) IS AMENDED TO READ AS FOLLOWS:

### **[35 IAC 1.3-6-1](#) Member distribution options**

**Authority:** [IC 5-10.3-12-18](#); [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.2-3-10](#); [IC 5-10.2-4-7](#); [IC 5-10.3-12](#)

Sec. 1. (a) As provided under [IC 5-10.3-12-26](#), [IC 5-10.3-12-29](#), and this article, a member who terminates service in covered employment is entitled to withdraw the vested portion of the member's account as:

(1) a lump sum **or partial distribution**;

(2) a direct rollover to an eligible retirement plan; or

(3) if the member has attained normal retirement age, as defined in [IC 5-10.3-12-14](#), as a monthly annuity, subject to this article.

(b) For a member electing a distribution under subsection (a)(3), the forms of monthly annuity payments that are available under the annuity savings account of the fund shall be available pursuant to ~~[IC 5-10.2-4-7](#)~~, for the member's selection. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.3-6-1](#); adopted Sep 16, 2011: [20110928-IR-035110564ONA](#); adopted Dec 14, 2012: [20121226-IR-035120663ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#))

SECTION 16. [35 IAC 2-1-6](#) IS AMENDED TO READ AS FOLLOWS:

### **[35 IAC 2-1-6](#) Calculation of prior service cost for transferred members**

**Authority:** [IC 5-10.5-4-2](#); [IC 36-8-8-5](#)

**Affected:** [IC 36-8-8-18](#); [IC 36-8-8-18.1](#)

Sec. 6. (a) If a unit becomes a participant in the 1977 Fund under the conditions of [IC 36-8-8-18](#), the INPRS actuary determines the cost of the prior service. The amount the police officers or firefighters ~~pay is the accumulated amount of contributions each member would have paid into the 1977 Fund (contributions of six percent (6%) of the first class officer salary with three and one-half percent (3.5%) annual interest) during the most recent years prior to transferring to the 1977 Fund~~ **must be fully paid under an agreement that specifies how much the unit is to pay and how much the member is to pay.**

(b) If the unit previously covered police officers, firefighters, or emergency medical technicians (as defined in [IC 36-8-8-18.1](#)) in PERF, the amount that the unit and the member must contribute to the 1977 Fund under [IC 36-8-8-18](#) shall be reduced by the amounts transferred to the 1977 Fund under [IC 36-8-8-18.1](#). The amount credited to the ASA to be transferred to the 1977 Fund shall be the full cost of the service if the member's ASA balance is enough to fund the full cost. If the member's ASA balance is less than the full cost of the service, the existing ASA balance should be transferred. ~~and used to reduce the member cost. The member shall owe the remaining balance and shall pay the balance pursuant to the service purchase rules in section 2 of this rule.~~ If the member's

ASA balance is more than the full cost of the service, the ASA balance remaining after the amount equal to the full cost of service is transferred to the 1977 Fund shall remain in the ASA account. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 2-1-6](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#); adopted Nov 4, 2016: [20161116-IR-035160500ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#))

SECTION 17. [35 IAC 2-5-4](#) IS AMENDED TO READ AS FOLLOWS:

**[35 IAC 2-5-4](#) Applicable disability structure; member transfers**

**Authority:** [IC 5-10.5-4-2](#); [IC 36-8-8-5](#)

**Affected:** [IC 36-8-4-11](#); [IC 36-8-8-7](#); [IC 36-8-8-12.3](#); [IC 36-8-8-15](#)

Sec. 4. (a) For purposes of determining which disability benefit provisions apply, the 1977 Fund shall interpret the phrase "hired for the first time" by using the member's first date of employment by the local unit where the member is currently employed. However, in the case of a fund member who directly transfers from covered employment with one (1) local unit to covered employment with another local unit, the fund member's date of employment with the first local unit shall be used.

(b) Members who directly transfer from covered employment with one (1) local unit to covered employment with **the same or** another local unit shall not be subjected to the maximum age limits under [IC 36-8-8-7\(a\)](#).

(c) For purposes of this section, "directly transfer" and "directly transfers" means the following:

(1) For those members laid off from employment pursuant to [IC 36-8-4-11](#), a transfer between covered employment with one (1) local unit to covered employment with a different local unit occurs within the reinstatement period set forth in [IC 36-8-4-11](#).

(2) For all other members, a transfer between covered employment with one (1) local unit to covered employment with **the same or** a different local unit occurs not later than one hundred eighty (180) days after the date of the separation from the first local unit. Furthermore, "directly transfer" and "directly transfers" shall not include any situation where the member receives a refund of his or her contributions from the fund unless the contributions are repaid pursuant to [35 IAC 2-1-2](#).

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 2-5-4](#); filed May 7, 1998, 4:15 p.m.: 21 IR 3329; readopted filed Oct 31, 2001, 2:21 p.m.: 25 IR 898; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Nov 20, 2009: [20091209-IR-035090927ONA](#); adopted Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Apr 29, 2011: [20110511-IR-035110273ONA](#); adopted Dec 13, 2013: [20131225-IR-035130565ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#))

SECTION 18. [35 IAC 14-5-10](#) IS AMENDED TO READ AS FOLLOWS:

**[35 IAC 14-5-10](#) Purchase of service credit; direct rollover or financial agreement**

**Authority:** [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.2-3-1.2](#); [IC 5-10.4-4](#)

Sec. 10. (a) Eligible TRF members may purchase service under [IC 5-10.2-3-1.2](#), [IC 5-10.4-4-4](#), [IC 5-10.4-4-5](#), [IC 5-10.4-4-6](#), and [IC 5-10.4-4-8](#).

(b) The eligible fund member may purchase such service subject to the following:

(1) Service may be purchased in one (1) month increments. The minimum service purchase is one (1) year for a member who elects to purchase service through a finance agreement.

(2) Installment payments are subject to the terms of the finance agreement.

(3) Any service purchase may be made via a direct cash payment, a direct rollover under [IC 5-10.4-4-12](#), or a combination of both.

(4) Any direct rollover may not exceed the actual cost of such service as established by the fund.

(5) Payment may be made in a lump sum or in annual installments for a period not to exceed five (5) years. Any installment shall bear interest at the ~~actuarial~~ interest rate (**defined within this section**) effective on the date of the first installment. Any payments are subject to applicable Internal Revenue Service limits, and the fund may limit any payments in a manner necessary to comply with these limits.

(c) In the event of a payment default under the terms of the finance agreement, a partial service credit amount will be determined by ~~TRF~~ **INPRS**. The partial service credit amount will be based on the payments made as of the date of payment default and the actuarial cost of the service. The minimum amount of partial service credit will be one (1) month. Partial service will be credited in monthly increments. The member has a thirty (30) day grace period from the date of the payment default to restore the missed payment. The member is

not eligible to make service purchase payments more than thirty (30) days after the date of the payment default.

(d) The interest rate will be set at the prime rate reported in the most recent edition of the Wall Street Journal at the time the financial agreement is executed, plus two (2) percentage points. **Any interest rate used will be set as determined by INPRS.** (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-5-10](#); adopted Dec 16, 2009: [20100106-IR-550090990ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-5-13](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-5-10](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 19. [35 IAC 14-7-1](#) IS AMENDED TO READ AS FOLLOWS:

**[35 IAC 14-7-1](#) Application for retirement**

**Authority:** [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.2-4-1](#); [IC 5-10.2-4-1.3](#); [IC 5-10.4-5-8](#)

Sec. 1. (a) **An** application for retirement will not be processed unless properly completed by the member.

(b) ~~The board~~ **INPRS** may investigate any and all applications.

(c) **Upon investigation, INPRS may determine that a member was eligible for retirement prior to the date selected by the member on the retirement application. INPRS may utilize the earlier retirement date after obtaining authorization or providing written notice, including opportunity to dispute application of the earlier retirement date, to the member.** (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-7-1](#); filed Oct 5, 1992, 5:00 p.m.: 16 IR 711; readopted filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; adopted Mar 27, 2007: [20070404-IR-550070200ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-7-1](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-7-1](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 20. [35 IAC 14-7-10](#) IS AMENDED TO READ AS FOLLOWS:

**[35 IAC 14-7-10](#) Employer payments**

**Authority:** [IC 5-10.2-2-1](#); [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.2-3-2](#); [IC 5-10.2-4-2](#); [IC 5-10.4-7-8](#)

Sec. 10. (a) In accordance with and pursuant to [IC 5-10.4-7](#), the Indiana public retirement system board of trustees herein sets the due date for contributions as seven (7) days after a covered employer's payroll unless otherwise approved by the board. For adjustments to incorrect reports and contributions by the employer, the due date is seven (7) days after the pay period end date of the original wage and contribution report.

(b) Notwithstanding ~~section~~ **subsection** (a), the due date for adjustments to wages and contributions for members returning to covered employment from military service is thirty (30) days after the member is reemployed.

(c) Upon written request of INPRS, covered employers shall submit their payroll date to INPRS in a manner or form established by INPRS within seven (7) days of receipt of such request.

(d) Any payments not made on the due date may at INPRS' discretion accrue interest at a rate ~~equal to the rate established in [35 IAC 1-2-6-5.5](#)~~ **determined by INPRS.**

(e) Any employer who fails to submit required contributions and reports within thirty (30) days of the due date will be subject to a penalty as set forth in [IC 5-10.4-7-8](#). If the thirtieth day following the due date falls on a Saturday, Sunday, or a legal holiday, the due date becomes the next working day.

(f) An employer who has elected to pick up the mandatory employee contributions of its employees must do so by resolution in accordance with [IC 5-10.2-3-2](#)(d). An employer who wants to rescind its election to pick up the mandatory employee contributions must do so in writing with approval of its governing body. The change will be effective the first payroll date following the date INPRS receives and approves the change. For purposes of [IC 5-10.4-7-8](#)(3), habitually late is defined as failing to submit required contributions, records, or reports for over sixty (60) days after the due date.



(g) An employer deemed habitually late will remain in the habitually late status until it submits reports and contributions for twelve (12) months within seven (7) days of the respective due date and after fulfilling all delinquent reporting and contribution requirements. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 14-7-10; adopted Dec 16, 2009: 20100106-IR-550090990ONA; errata filed Jan 19, 2010, 12:48 p.m.: 20100203-IR-550100043ACA; errata filed Feb 17, 2010, 12:09 p.m.: 20100310-IR-550100109ACA; adopted Apr 21, 2010: 20100505-IR-550100241ONA; adopted Nov 19, 2010: 20101208-IR-550100723ONA; adopted Sep 16, 2011: 20110928-IR-035110563ONA; adopted Apr 26, 2013: 20130508-IR-035130167ONA; adopted Dec 13, 2013: 20131225-IR-035130565ONA; adopted Mar 6, 2015: 20150318-IR-035150060ONA; adopted Dec 13, 2019: 20191225-IR-035190683ONA*) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund (*550 IAC 2-7-8*) to the Board of Trustees of the Indiana Public Retirement System (*35 IAC 14-7-10*) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 21. [35 IAC 14-7-12](#) IS AMENDED TO READ AS FOLLOWS:

**[35 IAC 14-7-12](#) Social Security integration; benefit calculation**

**Authority:** [IC 5-10.2-3-6](#); [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.2-4-4](#); [IC 5-10.2-4-5](#); [IC 5-10.2-4-7](#); [IC 5-10.4-6-4](#)

Sec. 12. (a) Pursuant to [IC 5-10.2-4-7](#)(b)(3), a member who retires between fifty (50) years of age and sixty-two (62) years of age may integrate the member's monthly pension benefit with the member's estimated Social Security benefits. This option increases the monthly pension benefit amount for which the member would ordinarily be eligible from the date of retirement until sixty-two (62) years of age. When the member reaches sixty-two (62) years of age, the member's monthly pension benefit will be reduced. ~~Depending upon the factors used in the calculation, the member's monthly pension benefit may be reduced to zero (0).~~ Such reduction will occur whether or not the member applies for Social Security Administration benefits.

(b) To receive an estimate of the member's monthly pension benefit with Social Security integration, the member shall obtain an estimate of Social Security benefits to be received at sixty-two (62) years of age from the Social Security Administration and provide the estimate to INPRS.

(c) For retirement benefits payable on or after January 1, 2010, a member's pre-sixty-two (62) monthly pension benefit with Social Security integration shall be computed as follows:

- (1) Multiply the member's Social Security estimate for benefits to be received at sixty-two (62) years of age and actuarial factors established by INPRS' actuary, and obtain a product.
- (2) Add the amount of the member's pension as calculated in [IC 5-10.2-4-4](#) and [IC 5-10.2-4-5](#) to the product obtained in subdivision (1). For purposes of this section, the retirement benefit does not include any payments from an ASA or RSA.

(d) For retirement benefits payable on or after January 1, 2010, a member's monthly pension benefit with Social Security integration at sixty-two (62) years of age shall be computed as follows:

- (1) Multiply the member's Social Security estimate for benefits to be received at sixty-two (62) years of age and actuarial factors established by ~~TRF's~~ INPRS' actuary, and obtain a product.
- (2) Subtract the product obtained in subdivision (1) from the member's pre-sixty-two (62) monthly pension benefit with Social Security integration as calculated in subsection (c).

**(e) For members who apply for unreduced retirement, notwithstanding subsections (c) and (d), the payments made before a member reaches sixty-two (62) years of age and after a member reaches sixty-two (62) years of age may not be less than one hundred eighty-five dollars (\$185).**

~~(e)~~ **(f)** If a retired member dies before reaching sixty-two (62) years of age with a designated survivor beneficiary, the ~~beneficiaries~~ **beneficiary's** benefit will be recalculated and adjusted as described in subsection (d) and in accord with the survivor option chosen at the time of the member's retirement.

~~(f)~~ **(g)** The amount of the member's Social Security benefits is not affected by the member's election of Social Security integration.

**(h) For postretirement increases granted after July 1, 2021, as a percentage of a person's retirement benefit, the amount attributable to postretirement increases will be granted in accordance with the amount of benefit the member is receiving at the time the postretirement increase is granted. The postretirement increase shall be also be adjusted according to the amount of benefit the member**



receives at sixty-two (62) years of age. For example, if Rachel retires and receives one thousand dollars (\$1,000) per month in 2020 before she has reached sixty-two (62) years of age under the Social Security implementation option and a postretirement increase is granted in amount equal to two percent (2%) of the pension benefit in 2021, she will receive a one thousand dollar (\$1,000) pension amount and a twenty dollar (\$20) postretirement increase. In 2022, Rachel reaches sixty-two (62) years of age and her pension benefit reduces to two hundred dollars (\$200) based on her Social Security integration selection. At that time, the 2021 postretirement increase of 2% will be calculated based Rachel's two hundred dollar (\$200) post age sixty-two (62) pension amount. Thus, after Rachel reaches age sixty-two (62), she will receive a two hundred dollar (\$200) pension benefit and a four dollar (\$4) postretirement increase. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-7-12](#); adopted Nov 19, 2010: [20101208-IR-550100723ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#); adopted Nov 4, 2016: [20161116-IR-035160500ONA](#); adopted Feb 23, 2018: [20180307-IR-035180117ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-7-10](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-7-12](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 22. [35 IAC 14-9-7](#) IS AMENDED TO READ AS FOLLOWS:

### **[35 IAC 14-9-7](#) Minimum disability retirement benefit**

**Authority:** [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.2-4-2](#); [IC 5-10.2-4-7](#); [IC 5-10.4-5-1](#)

Sec. 7. (a) After June 30, 2008, if the member chooses a pension benefit under [IC 5-10.2-4-7\(b\)](#), and elects to purchase an annuity with the amount in the member's ASA under [IC 5-10.2-4-2\(a\)](#), the minimum disability benefit payable may not be less than one hundred eighty dollars (\$180). If the member elects a retirement benefit option other than that provided under [IC 5-10.2-4-7\(b\)](#), the minimum monthly disability benefit will be no less than the actuarial equivalent of one hundred eighty dollars (\$180) if the benefit is payable after June 30, 2008. If the benefit is payable before July 1, 2008, the minimum monthly disability benefit will be no less than the actuarial equivalent of one hundred dollars (\$100).

(b) Notwithstanding subsection (a), after October 1, 2015, for purposes of this section, the minimum disability benefit amount does not include any payments from the ASA or RSA. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-9-7](#); filed Oct 5, 1992, 5:00 p.m.: 16 IR 713; readopted filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; adopted Nov 19, 2008: [20081126-IR-550080887ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-9-6](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-9-7](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 23. [35 IAC 14-9-9](#) IS AMENDED TO READ AS FOLLOWS:

### **[35 IAC 14-9-9](#) Minimum retirement benefit**

**Authority:** [IC 5-10.5-4-2](#)

**Affected:** [IC 5-10.2-4-1](#); [IC 5-10.2-4-10](#); [IC 5-10.2-5-43](#); [IC 5-10.4-5-1](#); [IC 5-10.4-6-4](#)

Sec. 9. (a) The minimum retirement benefit provided under [IC 5-10.4-6-4\(b\)](#) is determined based on the amount of the pension benefit only and does not include any money distributed from a member's defined contribution account.

(b) For the purposes of [IC 5-10.4-6-4](#), "unreduced pension benefit" means the regular retirement pension benefit paid under [IC 5-10.2-4-1\(b\)](#), plus supplemental benefits and postretirement increases.

(c) Additional benefits earned during a period of reemployment are not eligible for the minimum benefit unless the member earned ten (10) years of creditable service during the period of reemployment.

(d) The following are not eligible for this TRF minimum benefit:

- (1) Disability retirement benefits.
- (2) Members receiving an early (reduced) retirement benefit.
- (3) Members who elected Social Security integration at retirement **prior to July 1, 2017**, and whose pension payment after age 62 **years of age** is reduced to zero **dollars** (\$0).

(e) Survivor benefits are eligible for the minimum benefit, so long as the deceased member was not receiving an early retirement benefit. Survivors receiving a benefit as the result of a member's death in service are eligible for the minimum benefit so long as the deceased member's in-service retirement was not reduced due to early retirement. *(Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-9-9](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#); adopted Dec 13, 2019: [20191225-IR-035190683ONA](#))*

DATED: December 13, 2019

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Bret Swanson, Chairman  
INPRS Board of Trustees  
Indiana Public Retirement System

Resolution adopted by 8 affirmative, 0 negative votes.

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